

Three-year Medium-term Management Plan (FY2015 – 2017) “STEPS TO THE NEXT STAGE”

Presentation for Investments

March 27, 2015

TOKYU CORPORATION

(9005)

S H I B U Y A

<http://www.tokyu.co.jp/>

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Forward-looking statements

All statements contained in this document other than historical facts are forward-looking statements that reflect the judgments of the management of Tokyu Corporation based on information currently available. Actual results may differ materially from the statements.



I . Background to the Preparation of the Latest Management Plan

Background to the Preparation of the Latest Management Plan

FY2012-2014 Topics

Established a railway network

- March 2013 - Mutual direct train service between Toyoko Line and Tokyo Metro Fukutoshin Line started
 - March 2014 - The number of passengers carried by the Tokyu Line annually surpasses 1.1 billion people
- In FY2012-2014, we estimate the volume of passengers carried increased **5.0%**

Continued to implement safety measures

In FY2012-2014, we invested a cumulative 54.7 billion yen into safety measures

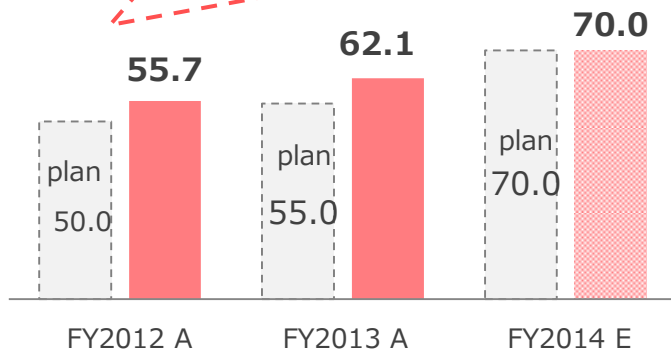
Development of the Tokyu railway area, such as Shibuya and Futako Tamagawa

- April 2012 - Opening of Shibuya Hikarie
- April 2013 - Opening of Musashi Kosugi Tokyu Square
- October 2013 - Opening of Azamino Gardens
- April 2015 - Opening of Futako Tamagawa Rise Phase II (plan)

Progress of Projected Figures

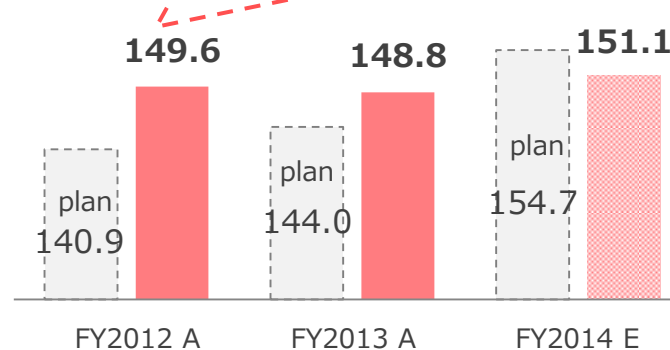
Operating Profit

It is expected to be achieved for three years.



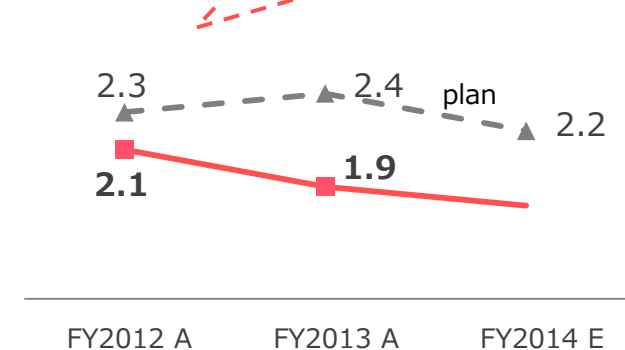
TOKYU EBITDA

It is expected to be achieved cumulatively.



D/E Ratio

It has already achieved.



*Tokyu EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets



II . Long-Term Vision & Long-Term Corporate Strategy

Forecasting Changes to Our Business Environment

1. Demographic changes

- Population decline, low birthrate & aging population
- Continues to be a heavy concentration of the population in Tokyo
- Trends show people returning to central city areas to live

2. Changes in consumer behavior and customer contact points

- Changes in consumer attributes and lifestyles
- Popularity of smart devices
- Expanding use of Big Data

3. New business opportunities emerging

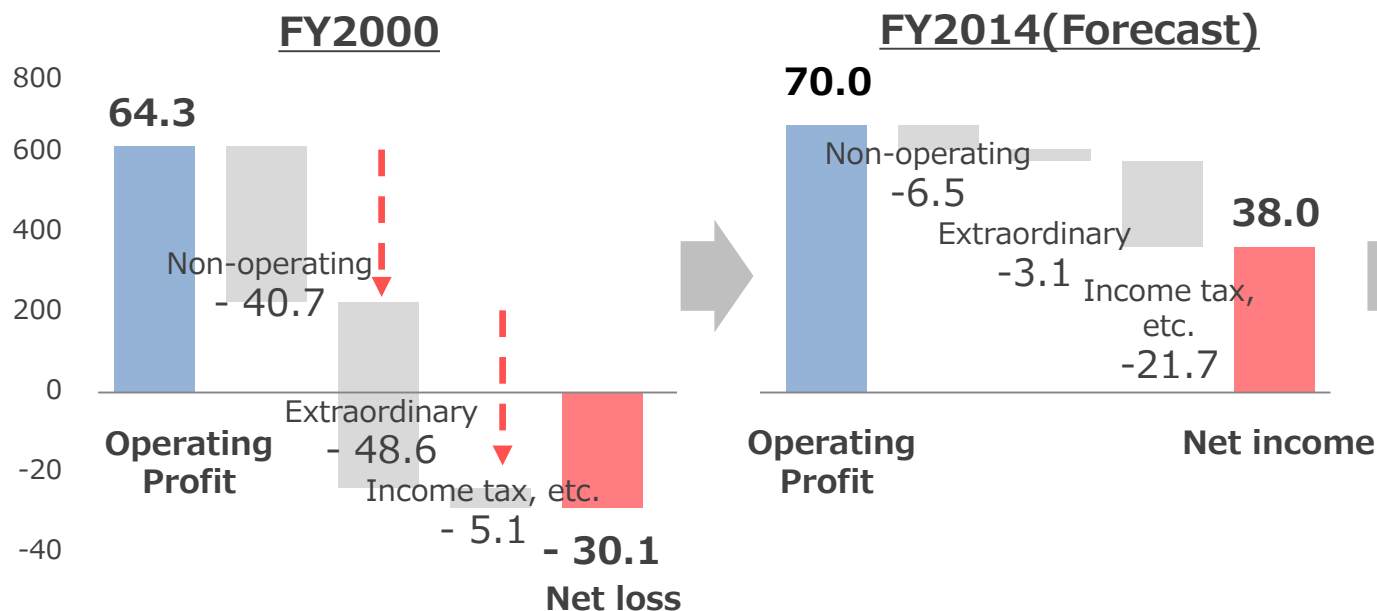
- Infrastructure development is focused in the heart of Tokyo
Preparation for the 2020 Tokyo Summer Olympic, Paralympic Games/special wards
- Expansion of international wing at Haneda Airport to increase inbound traffic
- System reforms owing to heightened awareness of environmental and energy issues

4. Competition in the global arena

- Contraction of domestic market
- Sharp growth in markets in Asia
- Rapid increase in competition between international cities

Changes to Profit Structure and Balance Sheet

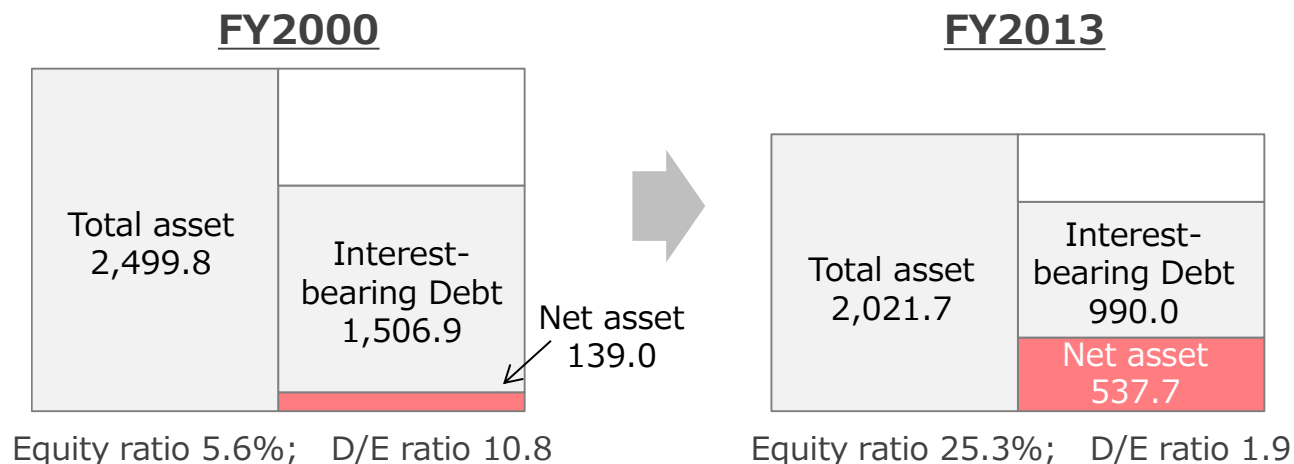
Profit Structure



Profit should trend solidly moving forward as we have been constantly tackling profit structure issues at the operating, ordinary, and net income levels, time and again in previous management plans.

- The benefit to operating profit from a decline interest payments is likely to be fully reflected in recurring profit
- Going forward we aim to consistently secure net income in the neighborhood of 40 billion yen owing in part to a decrease in extraordinary losses

Balance Sheet



Improvement in the health and soundness of our balance sheet

- Given the positive change in our profit structure owing to healthier operations, we believe we are currently maintaining an adequate balance between assets and liabilities
- We aim to smoothly build capital moving forward. Accordingly it will be crucial to focus on capital efficiency.



Long-Term Vision & Long-Term Corporate Strategy

*2022 will mark the 100th anniversary of the founding of TOKYU CORPORATION

Long-Term Vision (What we want to be in 2022)

- Maintain focus on TOKYU railway area

We will create;

The Best Place to Live: TOKYU railway area

The Best Place to Go: Shibuya

The Best Place to Work: Futako-Tamagawa

- Become a strong business group as "one TOKYU"

Long-Term Corporate Strategy

Companywide strategy developed to achieve the Long-Term Vision and to attain sustainable growth

Long-term direction

Profit expansion and capital efficiency improvements on back of return to sound operations

Overall strategy

Enhancing TOKYU area value

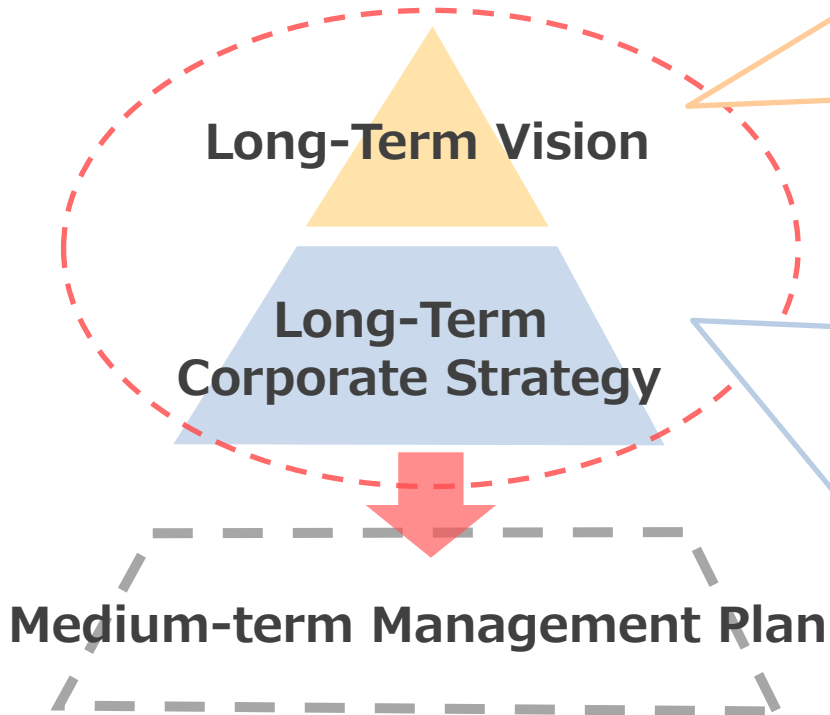
- Urban development that is one-step ahead of the times, etc.

Expanding TOKYU share by focusing on our customers

- Widen base for TOKYU point system, etc.

Expansion outside Tokyu railway area & new business development

- Actively enter into new fields of business, etc.



KPIs in Long-Term Corporate Strategy (FY2022)

	Target indices	Target levels
Earnings indices	TOKYU EBITDA*	200 billion yen
	Operating Profit	100 billion yen
Soundness index	Interest-bearing Debt / TOKYU EBITDA Multiple	5 - 6 times

*TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Dividend income + Investment gains from equity method

Ⅲ. Basic Policies in the FY2015-2017 Management Plan

Position of the FY2015-2017 Management Plan

FY2010 - Tokyu Capitol Tower opened
 - Tama-plaza Terrace wholly opened
 - Futako tamagawa Rise phase I opened

FY2012 - Shibuya Hikarie opened
 - Mutual direct train service between
 Toyoko Line and Tokyo Metro Fukutoshin Line started

FY2015 - Futako-tamagawa Rise phase II
 to be opened

FY2017 - Miyashitacho Project
 to be opened

FY2018 - Shibuya station south district to be opened

FY2019 - Sotetsu-Tokyu direct train to be opened

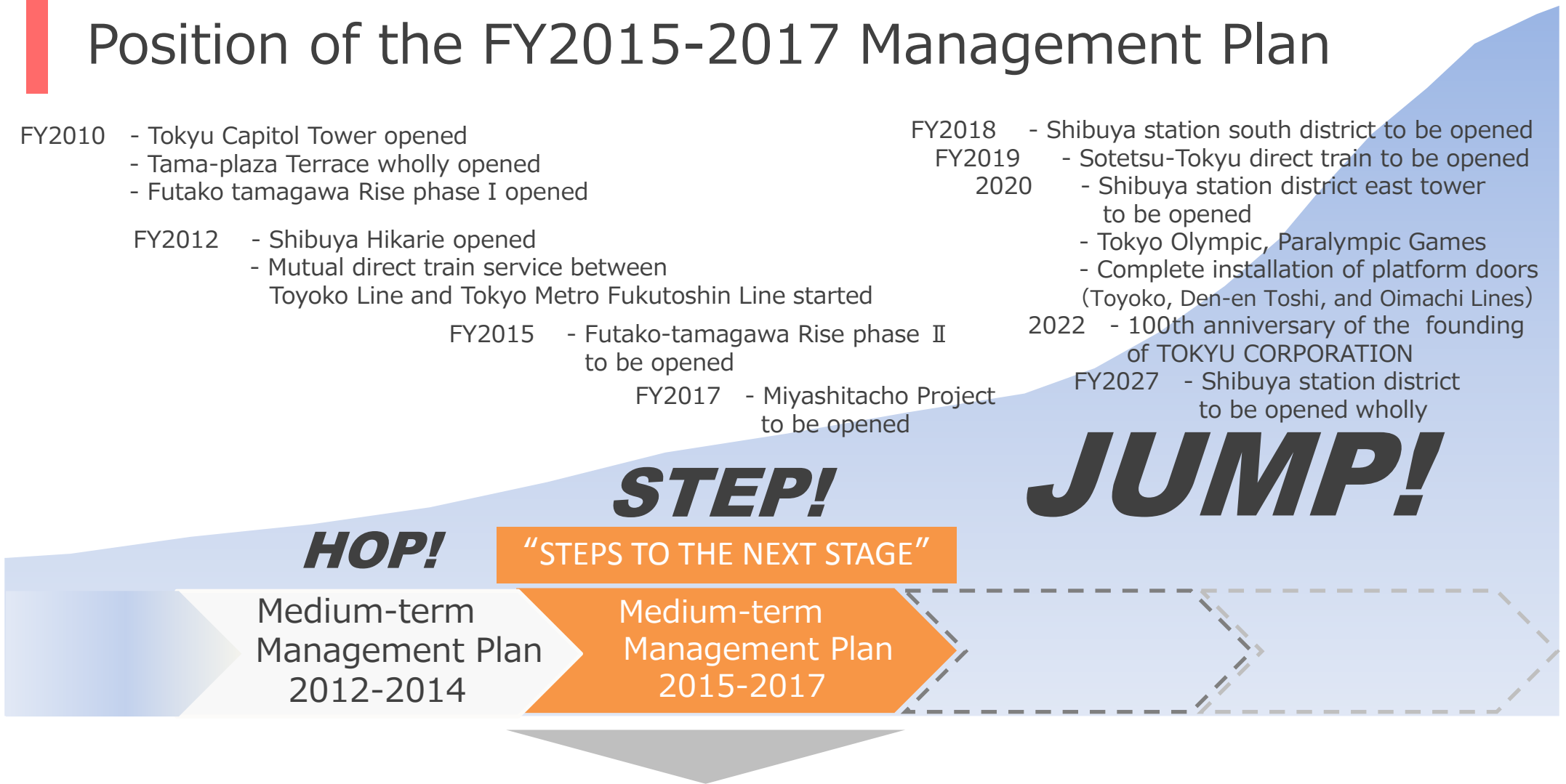
2020 - Shibuya station district east tower
 to be opened

- Tokyo Olympic, Paralympic Games

- Complete installation of platform doors
 (Toyoko, Den-en Toshi, and Oimachi Lines)

2022 - 100th anniversary of the founding
 of TOKYU CORPORATION

FY2027 - Shibuya station district
 to be opened wholly



- This is a step toward our next stage, the completion of our large-scale development project
- Design and implementation stage for long-term business strategies and growth measures
- To achieve rapid progress in the future, we plan to steadily moving forward with existing projects while also actively venturing into new business domains by leveraging our expertise, and focusing investments into growth areas

“STEPS TO THE NEXT STAGE”

Basic Policies

We plan to cultivate prospects in the TOKYU area and undertake new challenges for growth to take a step toward our next phase of expansion

Key Initiatives

- i. Offer greater security and enriched satisfaction**
- ii. Development of the TOKYU area and further promotion of the real estate business**
- iii. Promote lifestyle and work style innovations**
- iv. Embark on new challenges by leveraging group management resources**

Companywide management indicators

Management indices	FY2014 Forecast	FY2017 Targets
TOKYU EBITDA*	158 billion yen	169 billion yen
Operating Profit	70 billion yen	75 billion yen
Interest-bearing Debt / TOKYU EBITDA Multiple	5.9 times	5.8 times

* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment gains from equity method

Reference indicator

Return on Equity (ROE)	7.3 %	8.0 %
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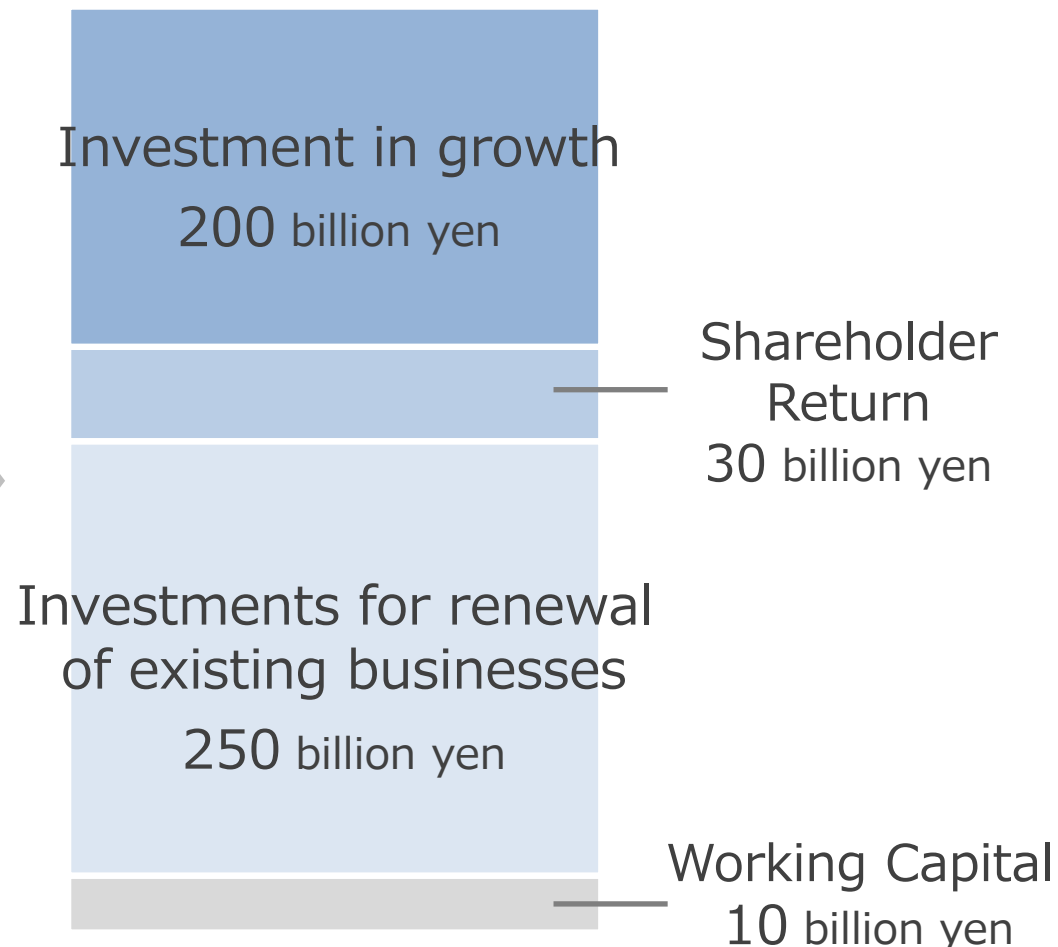
Cash flow Plans in FY2015-2017

Total Cash flow for FY2015-2017

Cash In flow
490 billion yen

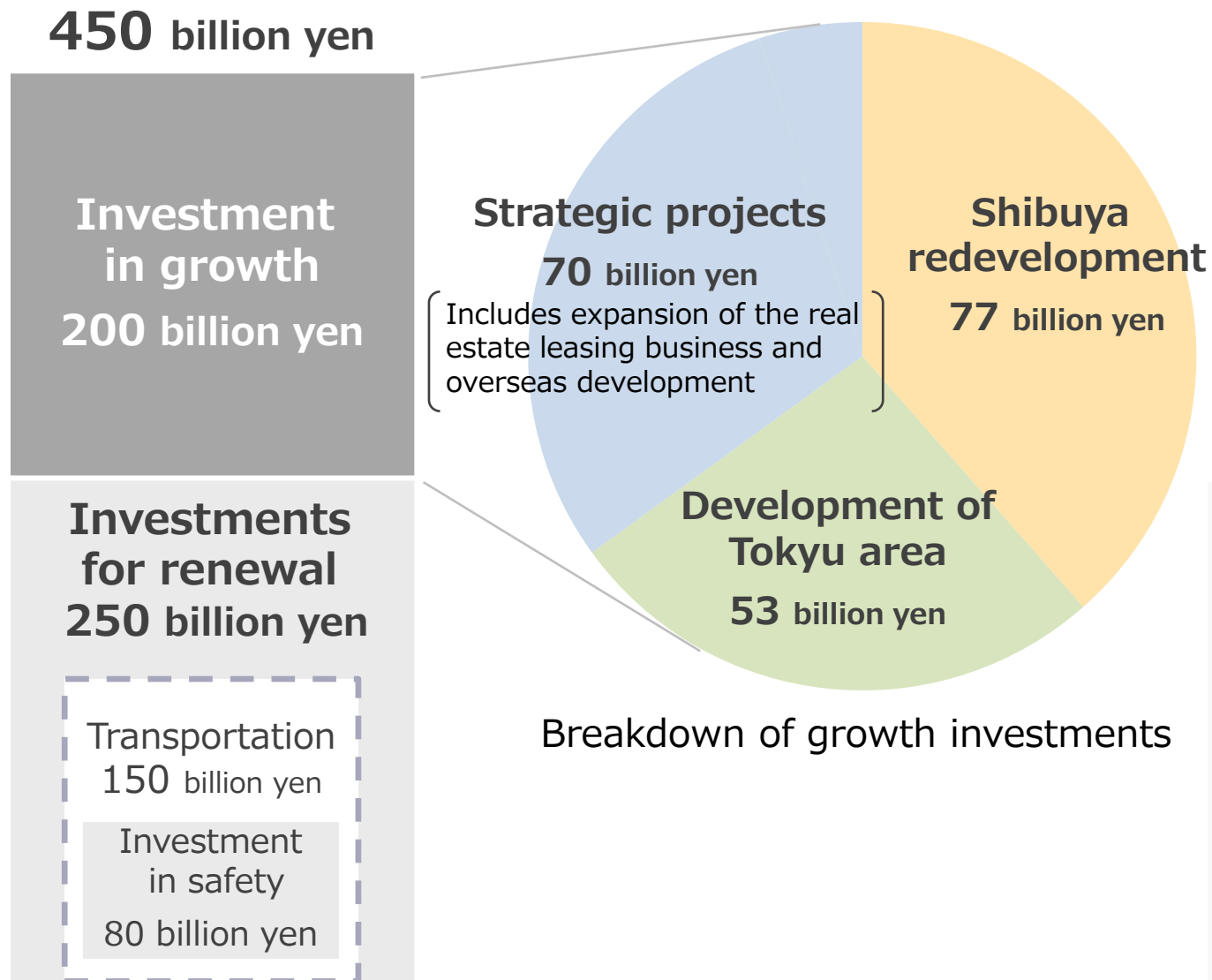


Cash Out flow
490 billion yen

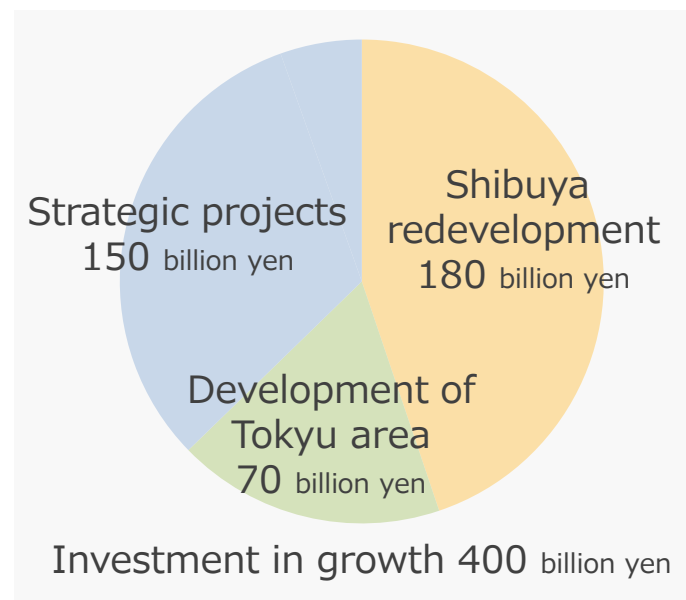


Investment Plans in FY2015-2017

Capital expenditures & investments FY2015-2017 (cumulative)



【Reference】 FY2015-2020(cumulative)



Business Segment Management Indicators

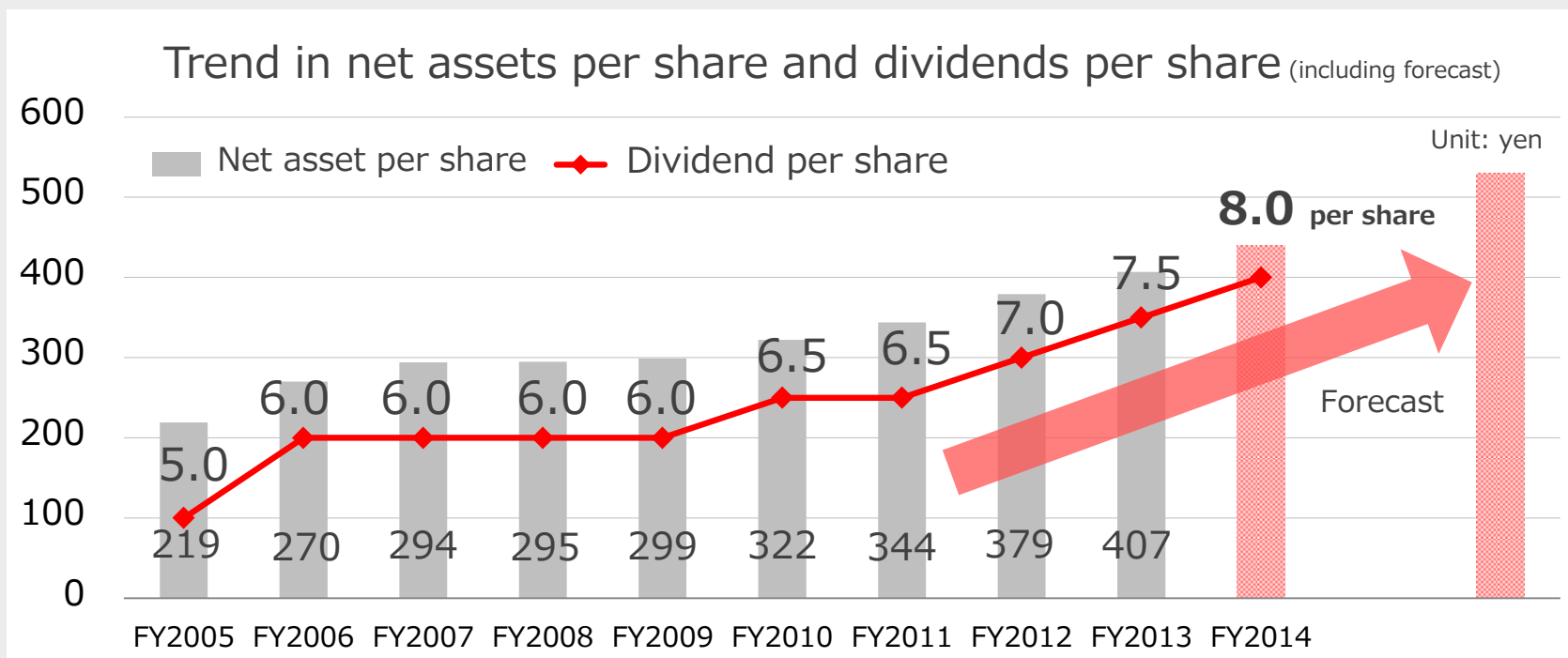
Segment*	Management indices	FY2014 Forecast	FY2017 Targets	[Reference] FY2020
Transportation	Number of Passengers Carried (Comparison with FY2014)	1,118 million people	1,150 million people (+2.9%)	1,186 million people (+6.1%)
Real Estate (Real Estate Leasing)	TOKYU EBITDA	50.8 billion yen (32.7 billion yen)	51.0 billion yen (36.7 billion yen)	63.6 billion yen (50.4 billion yen)
Life service	Operating Profit Margin	1.8 %	2.5 %	3.4 %
Retail		0.7 %	1.3 %	1.7 %
ICT and Media		5.0 %	6.0 %	7.5 %
Hotel and Resort		3.3 %	4.3 %	5.4 %
Operating Profit		70.0 billion yen	75.0 billion yen	90.0 billion yen

Basic Stance on Shareholder Returns

Dividend policy

Target a Dividend On Equity (DOE) ratio of 2% and aim to raise dividends while maintaining reliable returns.

* DOE: Total amount of dividends / Consolidated average equity during the term



Share buyback

We plan to continue to adopt a flexible approach toward share buybacks taking into account our cash flow and balance sheet performance.

IV. Key Initiative

Pursue greater railway security and safety for our customers

- Make platforms and railroad crossings safer taking into account that our community and environment is changing due in part to impact from a low birthrate and aging population
- Expand safety measures as precaution for major earthquakes or large-scale natural disasters

Enhance facilities for better safety

■ Install platform doors

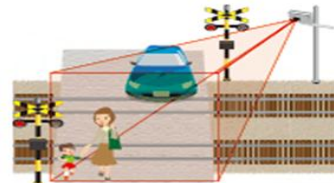
By 2020, complete installation at all 64 stations on the Toyoko, Den-en Toshi, and Oimachi Lines



Platform doors

■ Install sensors

Install highly-functional sensors at all railway crossings to further improve safety



The use of lasers to detect obstacles

■ Promote construction that mitigates disasters

Review design criteria that factors in estimates for irregular weather conditions and large-scale earthquakes and reflect results of review into facilities



Review design criteria for snowfall

Strengthen safety infrastructure

■ Accident prevention

Establish specific measures that reflect the outcome of serious accidents in the past, forecasts for various types of accidents, and the individual conditions of each site.



Disaster drill

■ Emergency response

Strengthen capabilities to properly respond to incidents caused by irregular weather conditions and various other types of trouble

■ Swift communication

Quickly use various mediums to transmit information on accidents and train operations



Information monitor

Expand services to enrich the lives of our customers

- Aim to increase transportation convenience and also improve train stations functions to become a mode of transportation for people in a wide area
- Energize towns and communities by providing new value that integrates transportation, retail, and services that support daily life

Improve convenience for people using bus or bicycle to our train stations (bike parking, etc.)



Improve transportation convenience

Improve convenience as a mode of public transportation by improving connections with buses and other, and by enhancing our network

Enhance railway network

FY2019 Sotetsu-Tokyu direct train to be opened



New Airport Line



Promotional tickets, etc.

Create demand for tourism and encourage people to visit major towns along the Tokyu line

Encourage people to travel wider areas. This includes the promotion of mutual direct transportation and foreign tourists.



Triangle thicket



Yokohama china-town gourmet thicket

Improve station functions that support daily life

Improve the quality of the lives of our customers through station development and a lineup of various services

Develop stations into a base for daily activities



etomo ichigao

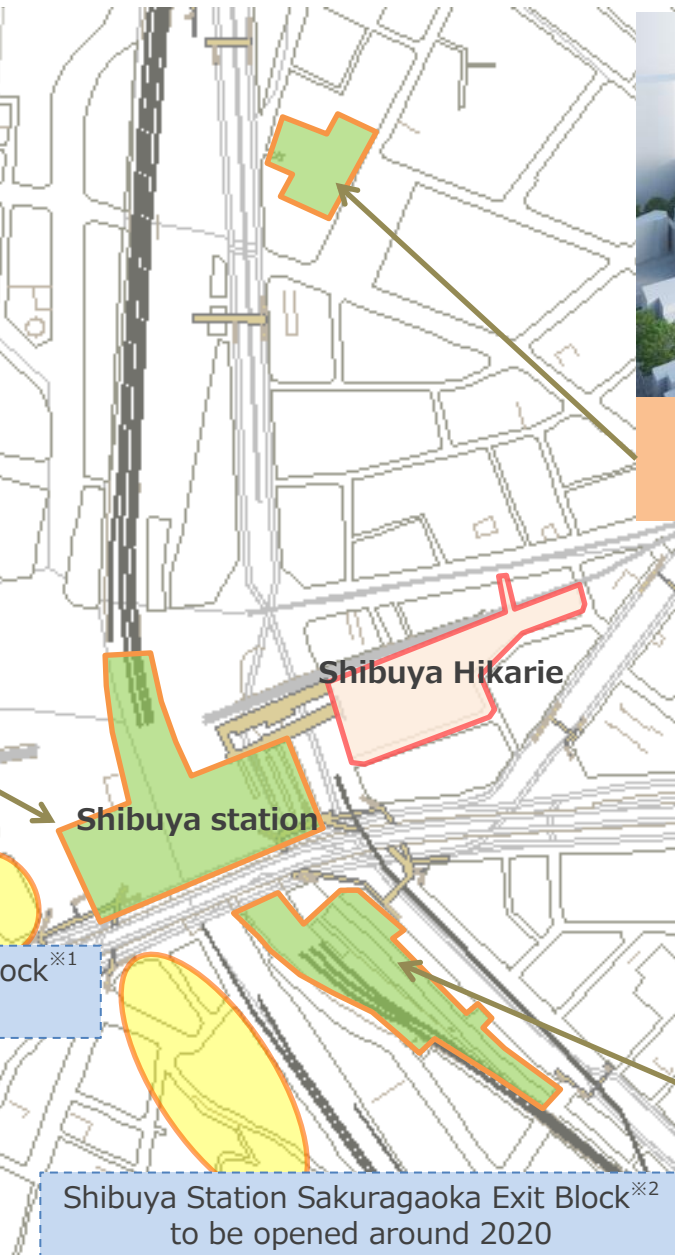
Shibuya redevelopment (1)



Shibuya Station Block, East building to be opened in 2020



Shibuya miyashitacho plan to be opened in FY2017



Dogenzaka 1-chome Station Front Block^{※1} to be opened in FY2018



Shibuya Station South Block to be opened in FY2018

Shibuya Station Sakuragaoka Exit Block^{※2} to be opened around 2020

※1 The operating body is the Dogenzaka 1-chome Station Front Redevelopment Preparation Association (with the cooperation of Tokyu Land Corporation)
※2 The operating body is the Shibuya Station Sakuragaoka Entrance Block Redevelopment Preparation Association (with the cooperation of Tokyu Land Corporation)

MAP: Copyright Kokusai Kogyo – Sumitomo Electric Industries

Shibuya redevelopment (2)



Establish cluster of ICT and creative industries, and industrial ecosystem



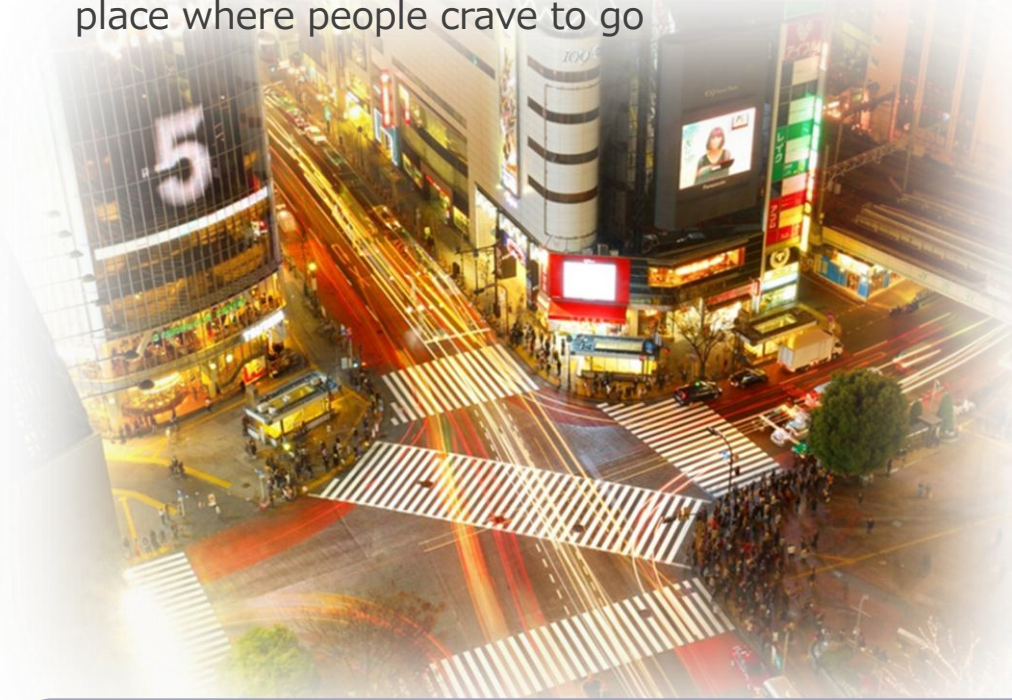
Create and promote the "SHIBUYA LIFE STYLE," which will captivate people around the world



Enhance media/locations where people can express and communicate their ideas through contents and interactive applications that will catch the world's interest

Entertainment City SHIBUYA

- Shibuya has opportunities for everyone in the areas of expression, communication, and challenge
- Movements emerging from the chaos of Shibuya
- Its style has gained the world's attention and is a place where people crave to go



We will create "The Best Place to Go: Shibuya"



Create an environment that promotes culture, collaborations, and creativity



Produce an "urban theme park" that will attract people from around the world



Create an urban infrastructure befitting "the best place to go" in Japan

Key Initiative 2

Development of the TOKYU Area and Further Promotion of the Real Estate Business

Comprehensive development of areas around stations on Tokyu lines

Collaboration with local communities and administrations to promote complex development making use of local area's attributes

Wellness & Walkable
Intelligence & ICT
Ecology, Energy & Economy
Smart, Sustainable & Safety
WISE CITY

(14) Next-generation suburban development
Embarking on "community living" development program in cooperation with the City of Yokohama. This involves the development of a former corporate housing site located in the model area.



(14) Dresser Utsukushigaoka-Hills Slated to open in September 2015



(13) Dresser Saginuma-no-mori Arena Forest Slated to open in January 2016



(11) Futako Tamagawa Rise Phase II Slated to open in April 2015
*some July scheduled to open



(1) LOG ROAD DAIKANYAMA Slated to open in April 2015

(2) Nakameguro Station plan to develop area under railway arches

(3) Yutenji Station area development plans



(4) Dresser Himonya Slated to open in September 2015



(5) Toritsu-Daigaku plan to develop area under railway arches Slated to open in October 2015

(6) Oimachi-Shimoshinmei plan to develop area under railway arches

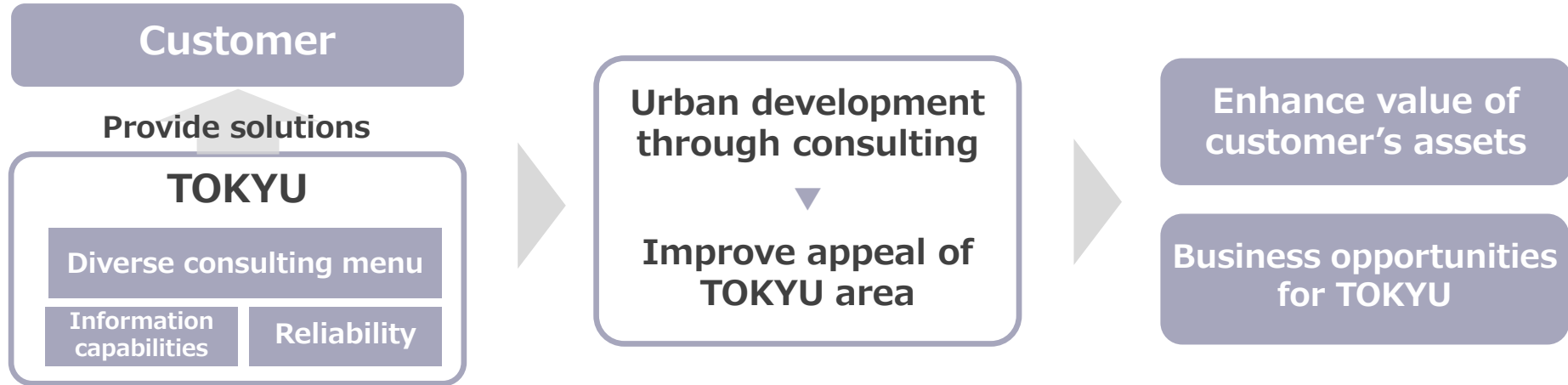
(7) Oimachi Station building renovation plan



Rental · Redevelopment etc
Houses built for sale

Development of the TOKYU Area and Further Promotion of the Real Estate Business

Strengthen consulting business on the use of assets along Tokyu lines



Further expansion of the real estate leasing business

<Employ business model that focuses on investment cycle in real estate leasing business>



Lifestyle innovations

Electric power retail

EMS

Tokyu Bell

Internet

Smart home

Elderly care service

CATV

Telephone

Security service

TOKYU POINT

Stores and services downtown

Auto charge

Transportation

Bundling other innovations/services with "IENAKA" service

Bundling various "IENAKA" services with electric power services to promote more convenience and value

Introduction of various new services to the TOKYU point program, including "transportation points" to improve the appeal of riding our trains among railway customers

Develop a system where customers can conveniently, smoothly, and easily access various TOKYU products and services to deliver new lifestyle value to customers

Work style innovations

Supporting growth industries

- Nurture industries and human resources to be highly globally competitive

(Establish training and development facilities in Shibuya Station South Block)

- Offer support for diverse work styles

(Establish exchange centers as a part of Shibuya Hikarie, Futako-Tamagawa Rise and Shibuya Miyashita-cho development plan)



Shibuya Hikarie
(Creative Lounge MOV)



Futako Tamagawa Rise
(Catalyst BA)

Create an environment where employees can be active and shine

Diversity management

- Promote the active role of women in the workplace (goal: 40 female management-level employees in 2020)
- Provide an environment in which employees can work but also have time to take care of their children or nurse a sick or elderly family members
- Increase opportunities to work from home
- Set up after-school daycare centers at TOKYU Group businesses that operate on holidays

Selected as Nadeshiko Brand for 3 straight years



*Only 6 companies listed on the 1st section of the Tokyo Stock Exchange have been selected for three consecutive years

Boost employee motivation & job satisfaction

- Establish an in-house system to train employees to become entrepreneurs
- Health management initiatives
⇒ **selected by METI as a company that properly manages the healthcare of its employees**



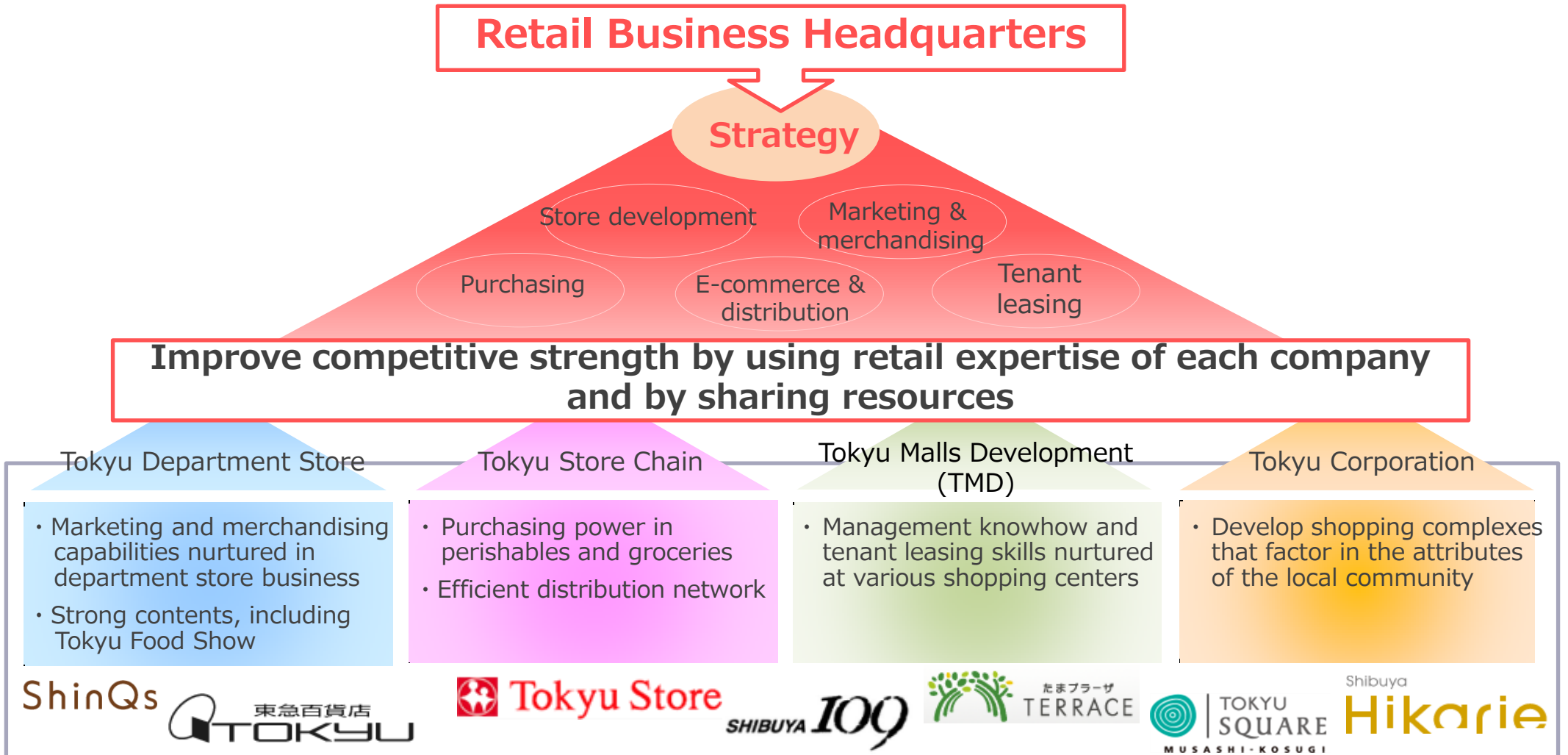
HR management from the viewpoint of consolidated management

- Optimally assign employees to positions groupwide by data visualization for personnel information
- Systematically train and assign management candidates to optimal positions
- Improve operational efficiency by centralizing group HR functions

Embark on New Challenges by Leveraging Group Management Resources

Strengthen structure for promoting retail business

Aim to establish a retail business division to unify our consolidated retail businesses. By developing powerful headquarter functions we can develop a system that leverages the comprehensive capabilities of the overall group



Main initiatives in retail business

Tokyu Department Store

- **Reform store management system**

Build an efficient management system by continuing to revamp purchasing and cost structure, and by reviewing employee job assignments

- **Create new growth engines**

Expand new business formats, including multi-store development of specialty stores, including Tokyu Food Show Slice, and overseas expansion

- **Expand customer contact points**

Reach new customer segment using new merchandising editing and through collaborations with new TOKYU point program services



Tokyu Store Chain

- **Enhance strength of chain stores**

Promote management efficiency, including capacity expansion at processing centers, and standardization of operational flow. Improve merchandising strength by boosting price competitiveness, expanding deli functions, improving shopping convenience for perishables, and increasing private brand development

- **Implement individual store management**

Renovate and increase activity at stores by developing stores that serve diverse consumer needs, which are likely to change due to the aging population and increase in working women

- **Expand customer contact points**

Expand formats for further growth, in part through collaborations with new TOKYU point program services, expansion of the online supermarket, and the development of new platforms



Private brand development



New platforms; Food Station

Embark on New Challenges by Leveraging Group Management Resources

Tapping into inbound demand

Drive inbound tourists to facilities along Tokyu lines or domestic group facilities

Strengthen measures to attract inbound tourists to Shibuya



- Improve access to Haneda Airport (New airport line and expand bus network)
- Offer regular tours and charter buses

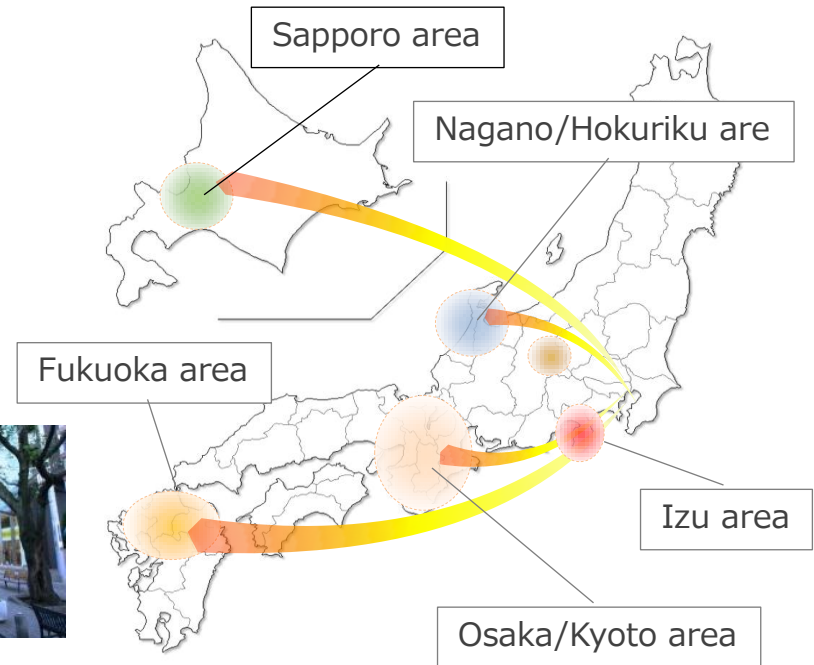
Attract inbound tourists to places along Tokyu lines and create a welcoming infrastructure



- Offer free Wi-Fi
- Expand duty free services
- Strength multilingual support

Attract inbound tourists to domestic group facilities

- Strengthen tour coordination functions (plan attractive products, develop sales channels)
- Chauffeur customers to hotels and shopping facilities



Hotel business initiatives

Brand strategy

Realign three brands incorporating customer perspective
Also renovate existing facilities and improve services to boost brand value

To May 2015



Sophisticated, elegant, and gorgeous hospitality

From April 2015



Luxury



High-quality, refined relaxation



City



No-frills and natural comfort



Middle class

Hotel opening strategy

Promote hotel openings in major cities and tourist spots in anticipation of inbound demand



The Park Front Hotel at USJ



Futako-Tamagawa Excel Hotel Tokyu

Confirmed hotel opening plans

July 2015 Futako-Tamagawa Excel Hotel Tokyu
August 2015 The Park Front Hotel at USJ

Inbound strategy

Improve brand recognition overseas to secure inbound tourists from the US, Europe, and Asia outside Japan (partner up with overseas hotels, etc.)

Strength of Tokyu hotels

- Offer various services ranging from luxurious to middle class offering
- Develop hotels in major cities throughout Japan

Embark on New Challenges by Leveraging Group Management Resources

Overseas expansion

Utilize knowhow cultivated in businesses in Japan and abroad

Sriracha, Thailand

Housing leasing business targeting Japanese in areas where there are clusters of Japanese companies



Bangkok, Thailand

Open Bangkok Tokyu Department Store in Paradise Park



Binh Duong, Vietnam

Urban development business in Binh Duong New City



Wuhan, China

Consulting business through joint venture with New Beacon Group (Tokyu Department Store)



Hong Kong, China

Open first overseas SHIBUYA 109 store in the large-scale "Harbour City" shopping complex (scheduled to open in autumn 2015)

Yanchep, Australia

Urban development project in outlying suburb of Perth



- Tap into economic growth in Southeast Asia
- Expand business development and opportunities by partnering with local companies

V . Projected Figures

Projected Figures

	FY2014 Forecast	FY2015 Plan	YoY Comparison	FY2017 Plan	Comparison with FY2014
Operating Revenue	1,068.8	1,082.0	+ 13.2	1,099.3	+ 30.5
Operating Profit	70.0	65.0	- 5.0	75.0	+ 5.0
Non-operating Revenue	10.0	11.0	+ 1.0	11.6	+1.6
Non-operating Expenses	16.5	18.0	+ 1.5	17.3	+ 8.0
Recurring Profit	63.5	58.0	- 5.5	69.3	+ 5.8
Extraordinary Gains	3.9	19.5	+ 15.6	6.1	+ 2.2
Extraordinary Losses	7.0	6.0	- 1.0	4.0	- 3.0
Net Income	38.0	44.0	+ 6.0	49.0	+ 11.0
Return on Equity (ROE)	7.3%	8.1%	+ 0.8P	8.0%	+ 0.7P
TOKYU EBITDA*	158.0	152.0	- 6.0	169.0	+ 11.0
Interest-bearing dept at end of period	926.8	939.9	+ 13.1	985.4	+ 58.6
Interest-bearing Debt / TOKYU EBITDA Multiple	5.9	6.2	+ 0.3P	5.8	- 0.1P

* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment (gain) loss from the equity method

Projected Figures

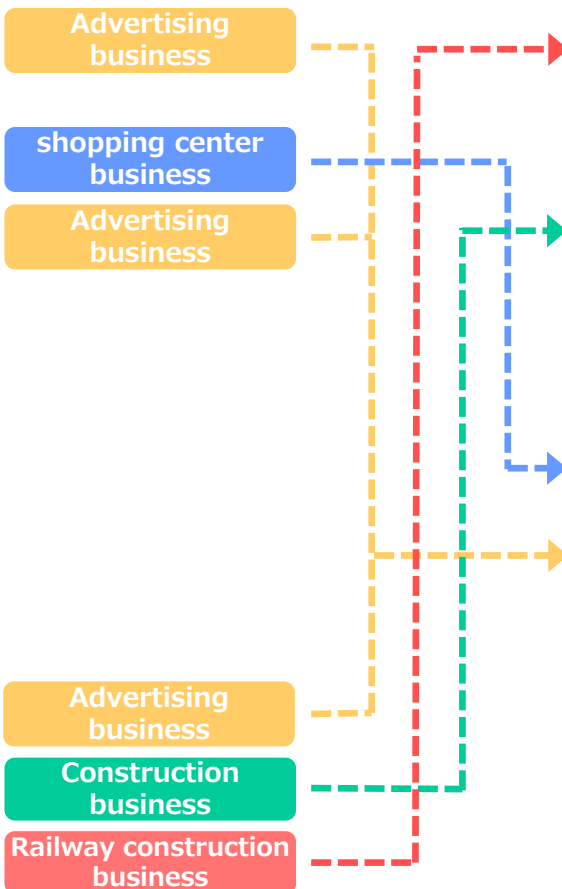
		FY2014 Forecast	FY2015 Plan	YoY Comparison	FY2017 Plan	Comparison with FY2014	
Total Operating Revenue		1,068.8	1,082.0	+ 13.2	1,099.3	+ 30.5	
Total Operating Profit		70.0	65.0	- 5.0	75.0	+ 5.0	
Transportation	Operating Revenue	199.3	200.7	+ 1.4	202.7	+ 3.4	
	Operating Profit	22.7	23.2	+ 0.5	23.5	+ 0.8	
Real Estate	Operating Revenue	199.1	202.9	+ 3.8	207.7	+ 8.6	
	Operating Profit	32.6	25.8	- 6.8	30.5	- 2.1	
Life Service	Retail	478.7	478.9	+ 0.2	486.2	+ 7.5	
	Operating Revenue	ICT and Media	162.2	165.6	+ 3.4	171.9	+ 9.7
	Total Life Service	640.9	644.5	+ 3.6	658.1	+ 17.2	
Life Service	Retail	3.5	4.0	+ 0.5	6.4	+ 2.9	
	Operating Profit	ICT and Media	8.1	8.8	+ 0.7	10.3	+ 2.2
	Total Life Service	11.6	12.8	+ 1.2	16.7	+ 5.1	
Hotel and Resort	Operating Revenue	93.8	99.6	+ 5.8	100.2	+ 6.4	
	Operating Profit	3.1	3.2	+ 0.1	4.3	+ 1.2	
Elimination etc.	Operating Revenue	- 64.3	- 65.7	- 1.4	- 69.4	- 5.1	
	Operating Profit	0	0	+ 0	0	+ 0	

Change of Segments

To facilitate comparisons before and after the segment change, expected figures for fiscal 2014 are written for both new and old segments.

Existing Segments

Transportation Operating Profit 24.7 Billion yen
Real Estate Operating Profit 33.0 Billion yen
Life Service Operating Profit 6.4 Billion yen
Hotel and Resort Operating Profit 3.0 Billion yen
Business Support Operating Profit 2.9 Billion yen



New Segments

Transportation Operating Profit 22.7 Billion yen				
Real Estate Operating Profit 32.6 Billion yen				
Life Service Operating Profit 11.6 Billion yen				
<table border="1"> <tr> <td>Retail</td> <td>Operating Profit 3.5 Billion yen</td> </tr> <tr> <td>ICT and Media</td> <td>Operating Profit 8.1 Billion yen</td> </tr> </table>	Retail	Operating Profit 3.5 Billion yen	ICT and Media	Operating Profit 8.1 Billion yen
Retail	Operating Profit 3.5 Billion yen			
ICT and Media	Operating Profit 8.1 Billion yen			
Hotel and Resort Operating Profit 3.1 Billion yen				
Liquidate the business support segment				

*1: We plan to establish the **retail business** and **ICT & media business** subsegments and position them under the **life service business** segment. We will then transfer the shopping center business to the **retail business** and the advertising business and Tokyu Agency, Inc. to the **ICT & media business**.

*2: We are set to transfer Tokyu Agency, Inc. and major group companies engaging in railway construction and other operations to their respective service support business segments. In line with this, we plan to **liquidate the business support business segment**.

